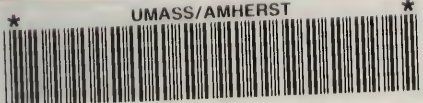


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CAMPAIGN FINANCE GUIDE  
FOR  
MULTI-CANDIDATE POLITICAL  
COMMITTEES

OFFICE OF  
CAMPAIGN  
and  
POLITICAL  
FINANCE

Commonwealth  
of Massachusetts



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This brochure is designed to introduce individuals interested in organizing a multi-candidate committee (a so-called PAC) to the provisions of the campaign finance laws. The Office of Campaign and Political Finance ("OCPF") is empowered to administer and enforce Massachusetts General Laws Chapter 55. The Office is available to assist individuals in complying with the statute and encourages treasurers, committee members and interested parties to familiarize themselves with these laws and regulations.

This publication is meant only to be an introductory guide to the campaign finance laws, not a substitute for them. It is the responsibility of all those participating in political campaign financing in Massachusetts to become knowledgeable with the provisions of the law and regulations. Violations of the law carry serious penalties of fines, imprisonment or both. For additional information, please contact the

**Office of Campaign and Political Finance**  
One Ashburton Place  
Boston, MA 02108  
(617)727-8352  
(800)462-OCPF

## *About The Office* \_\_\_\_\_

Chapter 1173 of the Acts of 1973 strengthened the state campaign finance laws and established the Office of Campaign and Political Finance in what is commonly referred to as a reaction to Watergate. In truth, however, the push for reforms in campaign finance disclosure laws were already well under way in states all across the country. Portions of the campaign finance laws have been on the books in Massachusetts since as early as 1884, originally legislated under Chapter 320 of the Acts of that year.

# *The Campaign Finance Law* \_\_\_\_\_

Chapter 55 of the Massachusetts General Laws is a comprehensive statute concerning the financing of political campaigns in the Commonwealth. The statute requires, for example, that candidates and political committees disclose contributions received and expenditures made.

The campaign finance laws also provide for limitations, and in some cases absolute prohibitions, on certain sources of campaign contributions. Additionally, the way in which campaign funds may be spent is regulated through the statute as well as through regulations and guidelines established by the Office. M.G.L. Chapter 55 also regulates certain conduct surrounding the raising and spending of campaign funds, such as the activities of public employees and the prohibited use of governmental resources for political purposes.

## *Political Action Committees* \_\_\_\_\_

A political committee is defined by statute as “any committee, association, organization or other group of persons, including a national, regional, state, county or municipal committee, which receives contributions or makes expenditures for the purpose of influencing the nomination or election of a candidate, or candidates, ... or for the purpose of opposing or promoting a charter change, referendum questions, constitutional amendment, or other question submitted to the voters.”

Multi-candidate committees or so-called “PACs” are political committees organized to support more than one candidate. Complete and accurate reports which disclose all campaign finance activity must be filed timely with the Office by the **treasurer** of a political committee organized for the purpose of influencing the nomination or election of candidates. Treasurers should familiarize themselves with the provisions of M.G.L. Chapter 55 as they are subject to penalties for failure to file properly. The Director of OCPF is required to refer the names of PAC treasurers who do not file reports to the Attorney General for further enforcement action.



# *Establishing A Bank Account For A Multi-Candidate Committee*

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All newly organized multi-candidate committees must register by filing a **Form CPF 101 PC** (Statement of Organization of a Political Committee) *prior* to raising and spending any monies (see instructions below). Also, all committee funds should be kept separate from any other fund. Therefore a newly organized committee must establish a bank account specifically for its Massachusetts activity. The first report should be filed with a zero beginning balance because no activity may be undertaken by the Committee until it is organized with this Office. This Office may require that an out-of-state organization, which has an existing political fund, establish a new committee and bank account for its Massachusetts activity which would then maintain separate records and funds according to Massachusetts laws.

## *Forms*

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In order to familiarize you with the appropriate forms required for multi-candidate committees (PACs), a summary of these forms and an explanation of their purpose is provided here. OCPF will review these procedures with you upon request.

### **FORM CPF 101 PC:      Statement of Organization of a Political Committee**

In order for an organization or other group of persons to make political contributions in Massachusetts, such organization or group must register as a multi-candidate committee with the Office by filing a **FORM CPF 101 PC**. A political committee may not accept *any* contributions nor incur *any* expenses until the treasurer qualifies for the office of treasurer by completing, with his/her signature, and filing **FORM CPF 101 PC** with the Office.

This form contains the name of the newly organized political committee, the names and addresses of the committee chairman, treasurer and any other officers and finance committee members as well as the purpose for which the committee is organized. In order to avoid problems, you should check the availability of the name of the political committee with the Office prior to filing any

forms. Any change in information previously submitted should be reported to the Office within *ten days* following such change. Political committees are prohibited from receiving or expending funds without a qualified treasurer. Any change in treasurer should therefore be submitted in writing to this Office immediately.

A business corporation may not grant the use of its corporate name, logo, or trademark for use by a political committee, unless fair market value is paid for such use.

### **FORM CPF 102 PC: Campaign Finance Report**

Every political committee is required to complete and file **FORM CPF 102 PC** by reporting all activity and having the treasurer sign under the penalties of perjury on or before each reporting date as discussed in the next section. Treasurers are responsible for the legality, validity, completeness and accuracy of each of their reports. The following lists information which should be filed on **FORM CPF 102 PC**:

**Schedule A - Receipts** - An alphabetical listing of all individuals who made contributions in excess of \$50 in a reporting period, including the date the contribution was received and the residential address of the contributor. This information must also be reported for receipts of \$50 or less if the total contributions from the individual has exceeded \$50 in the calendar year. Otherwise, amounts of \$50 and under are totaled on one line and included in total receipts.

**Schedule B - Expenditures** - An alphabetical listing of all disbursements of \$25 or more with the amount and date of payment the name and address of the payee and the purpose of the expenditure. Those amounts under \$25 are totaled on one line and included in the total expenditures.

The law requires that all funds (whether receipts or expenditures) be identified as either **FUNDRAISING** or **GENERAL**. Any contribution which is made by purchasing something (e.g. a ticket to a dinner, etc.) is considered a fundraising receipt. All other receipts are considered general. Any expenditures connected with fundraising receipts are fundraising expenditures. All other expenditures are considered general.

**Schedule C - In-Kind Contributions** - This schedule lists each in-kind contribution representing anything of value other than money whose value is in excess of \$50, the date, the name and the residential address of the contributor from whom it was received, and a description of the contribution. For those contributions valued at \$50 and under, a one line total is included in the total of all in-kind contributions for the period.

**Schedule D - Liabilities** - An alphabetical listing of all outstanding unpaid obligations as of the last day of the reporting period. Included is the date the liability was incurred, the name and address to whom it is due and the purpose of the liability.

**Schedule E - Disclosure of Assets Statement** - Disclosed on this annually-filed form are assets which have a useful life of more than one year, would be depreciable in a normal business environment and have a cost/value of \$1,000 or more at time of acquisition.

All of the above information is summarized in a schedule on the front page of the **Form CPF 102 PC**. Instructions for completing the **Form CPF 102 PC** are printed on the form itself.

## ***Costs Incurred To Administrator A Multi-Candidate Committee*** \_\_\_\_\_

Any individual, association, corporation or other group which provides anything of value (other than volunteered, uncompensated personal services) to establish, administer or operate a political committee without reimbursement has made a contribution to that political committee.

Massachusetts General Law Chapter 55, section 18 requires that if a political committee receives a contribution from an individual, association or other group it must disclose on its report of contributions received, the full name and residential address, in the case of an individual, or the name and address of each of the principle officers, in the case of an association or other group, making a contribution.

Massachusetts General Law Chapter 55, section 8 prohibits a business corporation from contributing to a political committee



organized for the purpose of aiding, promoting or preventing the nomination or election of any person to public office or for the interest of any political party. If said corporation provides anything of value to establish, administer or operate a political committee organized for either of the above purposes, the corporation must receive appropriate compensation in return.

## *Filing Deadlines* \_\_\_\_\_

Multi-candidate committees (PACs) are required by statute to file periodic campaign finance reports. These reports are to be filed on three occasions during state election years and once during off-state election years.

The following is a schedule for filing reports. These reports must be filed whether or not money has been raised or expended during the reporting period. Each report **must be received** by OCPF before the close of business (5:00 p.m.) on the day the report is due.

**Pre-Primary Report:** File on or before the 8th day preceding the state primary, complete from the day following the date of the last report through 10 days before the due date.

**Pre-Election Report:** File on or before the 8th day preceding the state election, complete from the day following the date of the last report through 10 days before the due date.

**Year-End Report:** File on or before January 10 in the following year complete from the day following the date of the last report through December 31. *This year-end report must be filed every year.* Schedule E must also be filed at this time in order for the report to be considered complete.

Committees on file with OCPF that contribute to candidates for a city or town election must file reports with this Office on the schedule required by the local elections. See INTERPRETIVE BULLETIN OCPF-IB-103.



## *Seeking an Advisory Opinion* \_\_\_\_\_

Anyone wishing to receive guidance on his/her own campaign finance activities should contact the Office prior to undertaking a particular activity. This Office issues written advisory opinions to individuals based on written requests describing specific facts and circumstances. The Office will issue opinions only as to prospective activities. If you have any questions concerning advisory opinions, please contact the Office. You may also obtain informal, verbal advice by calling the Office at the numbers listed in this brochure.

In addition to specific advisory opinions, from time to time the Director issues Interpretive Bulletins setting policy on a variety of subjects. These documents are publicly available from OCPF and may be helpful in offering assistance to chairs, treasurers and members of political committees or other organizations.

## *Filing A Complaint* \_\_\_\_\_

If you have reason to believe that a violation of the campaign finance laws has occurred, you may file a complaint with the Office either in writing or in person. The Office investigates all matters brought to its attention, regardless of the source of the complaint. The identity of a complainant is considered confidential by the Office.

The Office policy on enforcement actions is such that we will not comment on any action under review. Consequently, an individual making a complaint will not receive periodic information on the status of his/her complaint. However, the complainant will receive notice of the public disposition of a case.

This Office welcomes individuals with information concerning any possible violation of the campaign finance laws to call or write OCPF.

# *Limitations Of Contributions* \_\_\_\_\_

The following represents a summary of limitations placed on contributions made to multi-candidate committees (PACs).

- An individual may contribute up to an aggregate of \$1,000 to a multi-candidate political committee (PAC) in a calendar year.
- An individual under age 18 is limited to a total of \$25 in political contributions in a calendar year.
- A multi-candidate committee (PAC) may contribute up to an aggregate of \$1,000 to another multi-candidate committee in a calendar year.
- A multi-candidate committee (PAC) may not accept any contribution, including an in-kind contribution of goods, services, equipment, personnel, facilities or the like, from a business corporation, or from any association or organization comprised in whole or in part of business corporations.

The reporting of all contributions received by multi-candidate committees (PACs) is required under M.G.L. Chapter 55. Some of the requirements for such disclosure are outlined below.

- The true name and address of the donor must be furnished by the contributor to the receiver of the contribution at the time the contribution is made.
- Contributions listed from a trust, foundation or association must include the names and residential addresses of its principal officers.
- Contributions from the same person which in the aggregate in a calendar year exceed \$50 must be by check or other negotiable instrument.
- Contributions of anything of value other than cash or check are "in-kind" contributions, are reportable as such and are subject to the same contribution limits previously mentioned. Examples include but are not limited to rental space for campaign headquarters, furniture, office equipment, printing and postage, advertisements, etc.

- Loans are defined as contributions and are subject to the same contribution limits previously mentioned.
- No contribution should be made to any person or political committee in any building occupied for state, county or municipal purposes.

## *Dissolution Of A Committee* \_\_\_\_\_

Consult with this Office prior to preparing your request for dissolution. Committees that do not dissolve must continue to report on a regular basis.

M.G.L. Chapter 55, section 18 provides that all residual funds from committee accounts should be donated to the Commonwealth of Massachusetts (Local Aid Fund), c/o State Treasurer's Office, State House, Boston, MA 02133.

Treasurers of multi-candidate committees are required by law to preserve detailed accounts, vouchers and receipts for six years from the date of the relevant election. This statutory provision applies to all political committees organized in Massachusetts.

## *Limitation On Expenditures* \_\_\_\_\_

- Expenditures by a multi-candidate committee (PAC) may be made for the enhancement of the principle for which the committee was organized so long as such expenditure is not for any person's personal use.
- **This Office has promulgated regulations (970 CMR 1:00 *et seq.*) on expenditures and should be consulted for more specific guidelines on these requirements.**
- A multi-candidate committee may contribute up to an aggregate of \$1,000 to a candidate and that candidate's committee in a calendar year. The CPF ID number of the candidate/committee should be listed when reporting these contributions.
- A multi-candidate committee may contribute up to an aggregate of \$1,000 to another multi-candidate committee in a calendar year.
- A business corporation may not expend money on behalf of any multi-candidate committee. Nor may it provide goods, services, equipment, personnel, facilities, etc., unless the corporation is paid fair market value for such items by the PAC.
- Any expenditure for an amount exceeding \$50 must be made by check.
- Surplus money may be placed in an interest bearing savings account or money market account. No other type of investment is permitted.



# *Restrictions On Political Activities*\_\_\_\_\_

OCPF administers sections 13 through 17 of M.G.L. Chapter 55. These laws on public employees' political finance activity were designed to:

- Protect public employees from coercion in their employment.
- Separate governmental activity from political campaign activities.
- Protect individuals doing business with the state from being coerced into contributing to any political fund or rendering any political service.

NO state, county, city or town employee, other than an elected official, may directly or indirectly solicit or receive any contribution or anything of value for **ANY** political purpose whatsoever.

Soliciting or receiving campaign contributions by anyone in any building occupied for state, county or municipal purposes is prohibited.

No person in the public service may be compelled to make a political contribution or to render any political service.

No public official or employee may be prejudiced in his or her employment for failure to make a political contribution, or be so rewarded for making a political contribution.

No person doing business with the Commonwealth shall be under any obligation to contribute or render a political service to the campaign of a candidate.

A political committee may not solicit or receive a contribution on behalf of a candidate who is a state, county or municipal employee, if the contributor has an interest in any particular matter in which the person so employed participates or which is the subject of his official responsibility.

## ***Frequently Asked Questions*** \_\_\_\_\_

**Q1: If I want to make a contribution to a Massachusetts candidate may I do so from my existing PAC registered with the Federal Election Commission?**

**A1:** No. For a committee to make a contribution to a Massachusetts candidate the committee must be registered with Office of Campaign and Political Finance and establish a separate, segregated political fund.

**Q2: Must I open an account at a Massachusetts bank?**

**A2:** No. A Massachusetts bank account is not a requirement.

**Q3: Must the chairman and treasurer of the committee be Massachusetts residents?**

**A3:** No. Massachusetts residency is not a requirement.

**Q4: What number should I give the bank for the committee tax identification number?**

**A4:** Call the Internal Revenue Service for information on establishing a taxpayer identification number or for information on any other tax related question at the Federal IRS at 202-566-4332 or 617-523-1040 in Massachusetts.

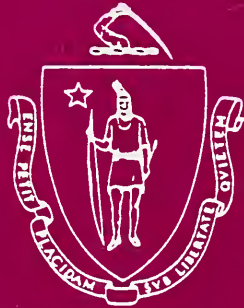
**Q5: Who may be authorized to sign checks on the account?**

**A5:** The treasurer of the committee may authorize an individual to act on his/her behalf, but that person is responsible to abide by all the requirements of c. 55 and must give the treasurer a detailed account of all actions taken on his/her behalf, on demand or in any event, within three business days.

**Q6: May a corporation provide goods or services to help administer a political committee?**

**A6:** No, not without appropriate compensation. Corporations are prohibited from contributing anything of value to a multi-candidate, candidate or party political committee.





The Commonwealth of Massachusetts  
Office of Campaign & Political Finance  
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